

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 3 - 0 2 2

2. STATE:

Indiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.200

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 (\$1 million)

b. FFY 2004 (\$2 million)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19B, pages 1d and 1e

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19B, pages 1d and 1e

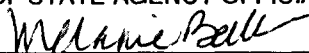
10. SUBJECT OF AMENDMENT:

reimbursement for medical and surgical supplies

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Melanie Bella

14. TITLE:

Assistant Secretary, Medicaid Policy & Planning

15. DATE SUBMITTED:

6/26/03

16. RETURN TO:

Melanie Bella, Assistant Secretary
Office of Medicaid Policy & Planning
402 W. Washington, Room W382
Indianapolis, IN 46204
ATTN: T. Brunner, State Plan Coordinator**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

6/30/03

18. DATE APPROVED:

7/26/04

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

4/1/03

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

JUN 30 2003

DMCH/ARA

Pharmacy Services**1. Legend Drugs - Payment is based on the lowest of:**

- (A) For brand name drugs, AWP as of the date dispensed - 13.5% plus a \$4.90 dispensing fee
- (B) For generic drugs, AWP as of the date dispensed - 20% + a \$4.90 dispensing fee;
- (C) Applicable Federal Upper Limit ("FUL") as established by CMS, as of the date dispensed, plus a \$4.90 dispensing fee;
- (D) Applicable State Maximum Allowable Cost ("State MAC") as of the date dispensed, plus a \$4.90 dispensing fee;
- (E) The provider's usual and customary charge for the drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus a recipient copayment amount, where applicable, as set out in Attachment 4.18-A.

The upper limit for a multiple source legend drug for which a specific FUL or State MAC has been established does not apply when a physician specifies the medical necessity of the brand name product by handwriting the words "Brand Medically Necessary" on the form, and obtains prior authorization for that specification.

2. Non-Legend (OTC) Drugs - Payment is based on the lower of:

- (A) One hundred fifty percent (150%) of:

The State maximum allowable cost for the OTC drug, as set out in the Medicaid Pharmacy Provider Manual and amendments thereto, in the quantity dispensed, as of the date dispensed, minus any applicable copayment amount; or

- (B) The provider's usual and customary charge for the OTC drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus any applicable drug copayment amount.

TN # 03-022

Supersedes

TN # 02-005

Approval Date FEB 9 5 2004

Effective Date April 1, 2003

State Maximum Allowable Costs for Legend Drugs--State MACs for legend drugs are developed and maintained as follows: The State MAC is equal to the average actual acquisition cost per drug adjusted by a multiplier of at least 1.0. The actual acquisition cost will be developed by using pharmacy invoices and other information that the Office determines is necessary. The purpose of the multiplier is to ensure that the applicable State MAC rate is sufficient to allow reasonable access by providers to the drug at or below the established State MAC rate. The Office of Medicaid Policy and Planning (OMPP) will review State MAC rates on an ongoing basis, and adjust the rates as necessary to reflect prevailing market conditions and ensure reasonable access by providers to drugs at or below the applicable State MAC rate. Pharmacies and providers that are enrolled in the Indiana Health Coverage Programs (IHCP) are required, as a condition of participation, to make available and submit to the OMPP or its designee, acquisition cost information, product availability information, or other information deemed necessary by the OMPP for the efficient operation of the pharmacy benefit within the IHCP, in the format requested by the OMPP or its designee. This information will be used in the development and ongoing maintenance of the State MACs.

Medical And Surgical Supplies

Reimbursement for medical supplies is equal to the lower of the following:

- (1) The provider's submitted charges, not to exceed the provider's usual and customary charges.
- (2) The Medicaid allowable fee schedule amount, which is the base statewide fee schedule amount equal to the lower of the Medicaid fee schedule amount in effect during SFY 2001 or the amount determined as follows:

- (1) the average acquisition cost of the item adjusted by a multiplier of one and two-tenths (1.2), if available. If this amount is not available; then
- (2) the Indiana Medicare fee schedule amount adjusted by a multiplier of no less than eight-tenths (.8), if available. If this amount is not available; then
- (3) the weighted median of providers' usual and customary charges adjusted by a multiplier of no less than eight-tenths (.8), if available. If this amount is not available; then
- (4) the Medicaid fee schedule amount in effect during the state fiscal year 2001, if available. If this amount is not available; then
- (5) the average Indiana Medicaid payment amount per item during state fiscal year 2001.

The office may review the statewide fee schedule and adjust it as necessary using the Medicare fee schedule, the providers' usual and customary charges, and the providers' acquisition cost information subject to (1) through (5) above.

TN # 03-022

Supersedes

TN # 02-005

Approval Date FEB 26 2001

Effective Date April 1, 2003